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Report Name: Sugar Annual

Country: Nicaragua

Post: Managua

Report Category: Sugar

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Report Highlights:

Sugar production in Nicaragua has been stable the past few years. Sugar production contacts expect MY 2020/2021 area planted and production to remain flat. In MY 2019/2020, sugar cane production reached over 7.8 million metric tons with a total sugar production of 772,727 metric tons, a two percent decrease compared to the previous season. The decrease is attributed to a reduction of planted area. To make production more efficient and reduce transportation costs, some sugar mills reduced 800 hectares of sugar cane plantations that were too far from the sugar mills.

Production

Nicaragua's sugar production remains very stable/ Sugar industry experts forecast 2020/2021 area planted and production to be flat. In MY 2019/2020, sugar cane production reached over 7.8 million metric tons (mt) with a total sugar production of 772,727 metric tons, a two percent decrease compared to the previous season. The decrease is attributed to a reduction of planted area. To make production more efficient and reduce transportation costs, some sugar mills reduced 800 hectares of sugar cane plantations that were located far from the sugar mills. The reduction of planted area took place in South-west Nicaragua.

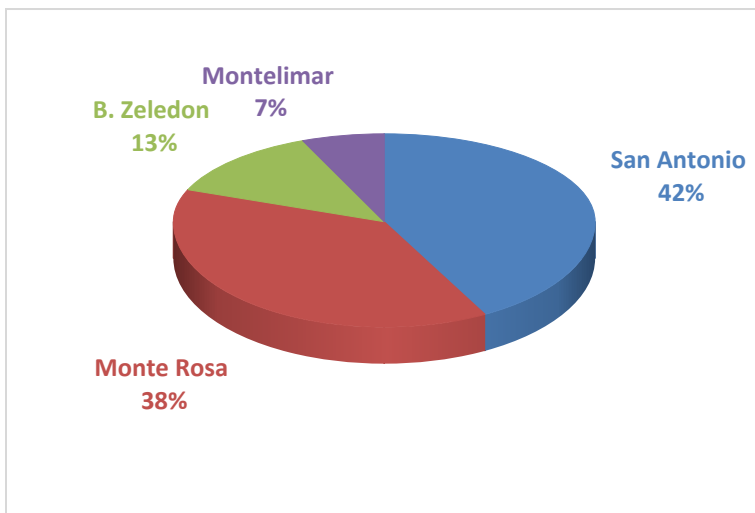
The rainy season, which starts in May and ends in November, was irregular with some dry months and others which excessive rainfall. The irregular rainy season decreased both agricultural and industrial yields.

Top Sugar Mills

Sugarcane is produced along the Pacific Coast of Nicaragua and the sugarcane harvest runs from November through May. The main sugar mills are San Antonio, Monte Rosa, Benjamin Zeledon and Montelimar.

Distribution of Sugar Production among Sugar Mills

Total production in MY 2019/2020 reached 772,727 MT



Planted Area

For MY 2020/2021, the Nicaraguan sugar industry does not anticipate an increase on planted areas. Total planted area reached 72,250 hectares in MY 2019/2020, down one percent from the previous year. The Nicaraguan sugar mills reduced more than 800 hectares of sugar cane that were far away from the

sugar mills to make production more efficient and reduce transportation costs. The reduction of planted areas took place in the south west region of the country.

Yields

Average productive yields reached over 93.60 metric tons per hectare, a slight decrease compared to the previous cycle. The irregular rainfall and minor drought at the end of the rainy season impacted both productive and industrial yields. Sugar cane farmers did not report any significant problems with pests in 2019/2020.

Consumption

For 2020/2021, the Nicaraguan Sugar Association anticipates a two percent increase in the domestic demand of sugar. Due to the COVID 19 outbreak, more people are staying home and there is a greater demand for food and sugar.

Total domestic consumption in MY 2019/2020 reached 265,000 metric tons with a per capita consumption of 46.6 kilograms.

Trade

Nicaraguan sugar exports reached 569,254 mt in 2019, a 12 percent increase compared to the previous year. The top export markets in 2019 were United States, Taiwan, Europe, Ghana, Canada, South Korea, New Zealand, among others.

2019 Exports by Destination in Metric Tons (MT)

Partner Country	MT
United States	102,039
Taiwan	100,539
Ghana	61,943
Canada	61,600
South Korea	33,000
New Zealand	30,250
Italy	25,861
Polonia	20,502
Puerto Rico	21,386
Others	112,134

Source: Center for Exports and Imports (CETREX).

Sugar Quotas

Nicaragua has tariff rate quotas (TRQs) with the United States under the WTO (22,114 mt) and CAFTA-DR (28,160 mt), the European Union (25,167 mt) and Taiwan (35,000 mt of raw sugar and

25,000 mt of refined sugar). Mexico also allocates an export quota to Nicaragua; however, the quota is only for when Mexico a shortage of sugar. In MY 2019/2020, the sugar industry got two sugar reallocations from the United States that reached over 11,000 mt due to sugar shortages.

Stocks:

The Nicaraguan sugar mills keep about 40,000 mt of ending stocks of sugar to guarantee supply when waiting for the new harvest to be available. The total sugar domestic consumption in MY 2019/2020 reached over 265,000 mt. For MY 2020/2021, inventories could go up by 10,000 mt to satisfy any increase on the domestic demand as a result of the COVID 19 outbreak.

Policy:

The Government of Nicaragua does not set sugar prices, nor does it provide subsidies or special credit programs for sugar production or export. However, the sugar industry does benefit from relatively high domestic prices compared to sugar prices in the international markets.

Marketing:

Sugar for national consumption is fortified with vitamin A and packaged in bags of 0.4, 0.8 and 2kg. Nicaragua’s Sugar Association reported the following wholesale and retail prices for refined and white plantation sugar in 2019.

Whole Sale Prices for Refined and white Sugar in 2019

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.30	0.30	0.30	0.30	0.30	0.30	0.31	0.31	0.31	0.31	0.31	0.31
Refined Sugar	0.33	0.33	0.33	0.33	0.33	0.33	0.34	0.34	0.34	0.34	0.34	0.34

Retail Prices for Refined and White Sugar in 2019

Sugar prices per Pound (U.S. dollars)	Jan.	Feb.	Mar.	Apr.	May.	June.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
White Plantation Sugar	0.36	0.36	0.36	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Refined Sugar	0.37	0.41	0.41	0.37	0.41	0.41	0.41	0.41	0.41	.0.41	0.41	0.41

Sugar Cane for Centrifugal	2018/2019		2019/2020		2020/2021	
	Oct 2019		Oct 2019		Oct 2020	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	77	77	77	77	0	77
Area Harvested	77	77	77	77	0	77
Production	7239	7057	7094	7142	0	7140
Total Supply	7239	7057	7094	7142	0	7140
Utilization for Sugar	7239	7057	7094	7142	0	7140
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	7239	7057	7094	7142	0	7140
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2018/2019	2019/2020	2020/2021
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Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Nicaragua						
Beginning Stocks	41	41	44	40	0	65
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	803	793	785	787	0	787
Total Sugar Production	803	793	785	787	0	787
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	844	834	829	827	0	852
Raw Exports	211	274	210	267	0	267
Refined Exp.(Raw Val)	210	260	210	230	0	252
Total Exports	421	534	420	497	0	519
Human Dom. Consumption	250	260	250	265	0	268
Other Disappearance	129	0	119	0	0	0
Total Use	379	260	369	265	0	268
Ending Stocks	44	40	40	65	0	65
Total Distribution	844	834	829	827	0	852
(1000 MT)						

Attachments:

No Attachments